

SmartHome Battery – Aggregator Distributed Energy Resource Agreements

Karen Lee | November 4, 2026

Introduction and Level-Setting

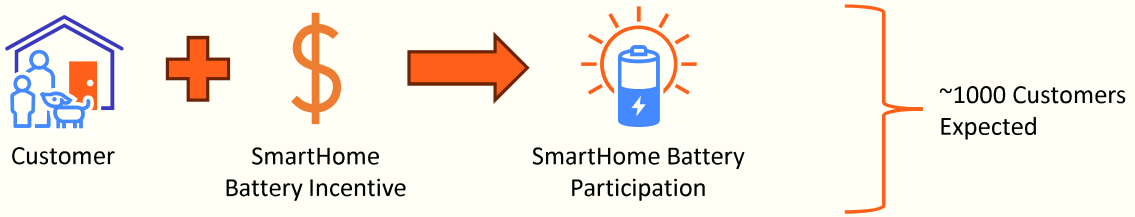
- Staff is presenting Ava's approach to transacting with aggregators for the SmartHome Battery Program. Aggregators own dispatch rights to residential batteries and can monetize federal tax credits.
- Staff has structured a PPA-like contract to procure energy products from aggregations of residential solar and storage systems. This is called the Distributed Energy Resource Agreement, also known as the "DERA" or aggregator agreement.
- The DERA is an innovative contracting structure designed to develop a reliable resource that can reduce Ava's wholesale power procurement costs, benefiting all customers while supporting those who install solar and storage. If successful, the program can scale to deliver broader benefits.
- Staff is seeking approval for three DERAs.
- Ava has been operating a Virtual Power Plant ("VPP") of ~1,000 systems with the aggregator Sunrun since 2022. The lessons learned from that program, Resilient Home, have informed this strategy.



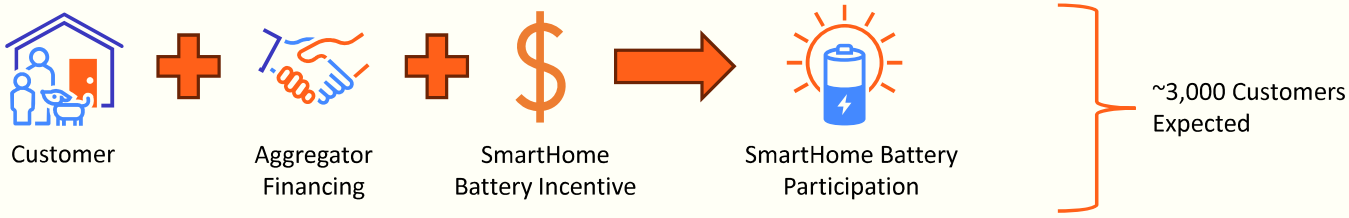
Ava SmartHome Battery Program Background

- **Program Goal**: Support community resilience by growing a **dependable** battery component to our community Virtual Power Plant (VPP) at **scale**.
- **Context**: SmartHome Battery deploys $11.25 million in upfront and ongoing incentives to support community resilience, up to 19.5 MW of dependable batteries to Ava's community VPP.
  - Note: $3.75 million allocated towards community resilience hubs
- **Program Design**: Provides customers multiple ways to participate.

1. Self-financed systems: Customers benefit from lower total costs and full battery ownership.



2. Leased systems: Customers benefit from lower upfront costs and third-party financing.



Comparison to Resilient Home Contract

	Resilient Home Contract	SmartHome Battery DERA
Product	Load Modification	Load Modification or Event-Based Dispatch
Distributed Energy Resource Management System (DERMS)	No DERMS integration	Integration with Ava's DERMS
Shortfall Damages	Yes	Yes
Engagement	One provider (Sunrun)	Ava plans to execute DERAs with +/- three different aggregators
Customer Participation Pathway	Participate through the sole aggregator (Sunrun), with a new battery	Participate through an aggregator, with an existing or new battery
Marketing	• Ava and Sunrun led marketing efforts	• Aggregator leads marketing, using existing sales and marketing channels • Aggregators are required to attend Ava training and seek Ava approval on program materials

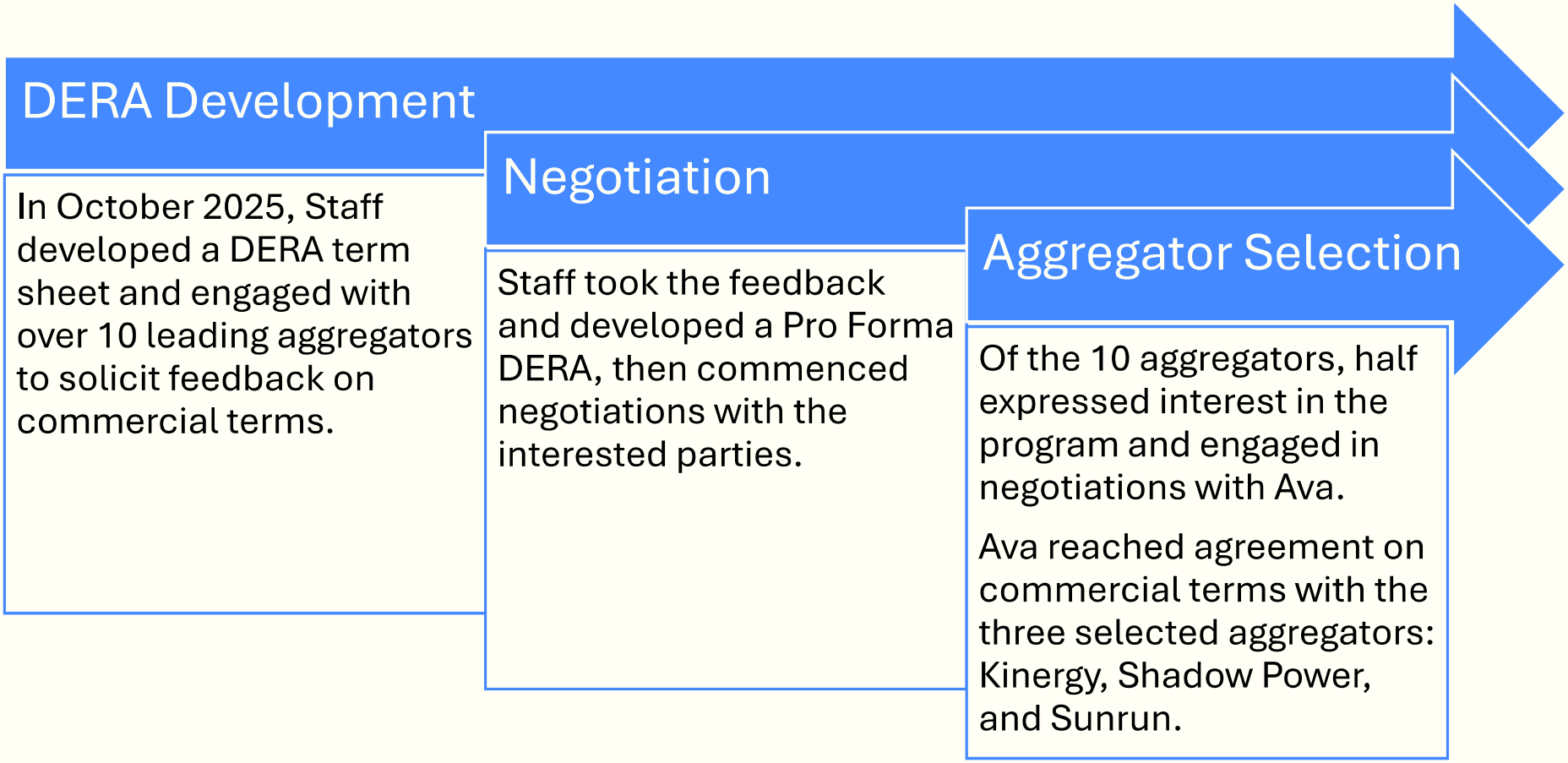
DERA Terms

Product	**Load Modification**: battery dispatch on a 2-hour schedule defined by Ava **Event-Based Dispatch**: battery dispatch with 24-hour notice (80 x 1-hour events; max 2 per day)
Upfront Incentive	• Based on New Capacity and paid to Seller. • $180/kW and $1,000/kW times Nominated Capacity for Market Rate & CARE/FERA. • Same incentive as customer-owned.
Performance-Based Monthly Payments	• Paid based on monthly assessments of Delivered Quantity (DQ). • Performance shortfalls are subject to **Shortfall Damages**. • Same incentive as customer-owned.
Annual Contract Capacity	At DERA execution, Seller commits to an Annual Contract Capacity.
Monthly Minimum & Maximum Contract Capacity	• Prior to each Contract Year, Seller provides a Monthly Minimum Contract Capacity that is 75% - 100% of the Annual Contract Capacity. • If Seller cannot commit to Monthly Contract Capacity that is 75% of the Annual, Seller can pay $50/kW **Enrollment Damages** (i.e., a capacity buydown) to reduce Contract Capacity for the remaining years. • This balances Ava's need for firm capacity commitments, while providing some flexibility for Seller.

DERA Terms – Part 2

Contract Term	• 5 to 7 years, with initial deliveries starting in 2027 or 2028
Initial Delivery Date (IDD)	• Eligibility of customers, sites, and battery systems are verified • DERMS integration complete • Delays subject to **IDD Delay Damages**
Collateral	• **Development Security** to securitize the Initial Delivery Date milestone • **Performance Security** to securitize capacity deliveries throughout contract term.
Buyer Termination Rights	• Material misrepresentation Shortfall Damages incurred in >3 months in a 12-month period • Aggregate DQ is less than 85% of the Minimum Contract Capacity across a year • Monthly DQ is less than 50% of the Minimum Contract Capacity for a month
Seller Termination Rights	• Failure by Buyer to make a required payment and failure is not remedied within 10 Business Days after Notice

DERA Development and Aggregator Selection



Aggregator Qualifications

	Kinergy	Shadow Power	Sunrun
Overview	• Kinergy has operated DER and VPP programs across the U.S., Australia, Japan, and Europe. • Kinergy is owned by Origin Energy, an Australian company, with a Palo Alto address.	• Shadow Power finances, owns, and operates distributed battery fleets. Team has developed VPP's with CA investor-owned utilities, SMUD, and CCAs. • Headquartered in New York.	• Sunrun is nation's largest residential battery VPP aggregator and the partner for Ava's Resilient Home program. • Headquartered in San Francisco.
Experience	Medium	Medium	**High**
Go to Market Approach	Medium	Medium	**High**
Learning Potential	**High**	Medium	Low
Original Equipment Manufacturer (OEM) Diversity (not final)	**High** (Enphase, Tesla, SolarEdge, FranklinWH, Delta)	Low (Tesla, Lunar)	Low (Tesla, Lunar)
Policy Engagement	Low	Low	**High**

Budget Impact

- The allocated capacity will utilize approximately $7.3 million of SmartHome Battery program budget.
- This budget supports 14.57 MW of capacity, with 12.41 MW to Market Rate and 2.16 MW to CARE/FERA.
- CEO may allocate budget and capacity to each counterparty based on final negotiated terms and each counterparty's capabilities.



Conclusion & Next Steps

- **Purpose:** Procure energy products from aggregators, diversifying the SmartHome Battery customer participation pathways and supporting program scale and reliability
- **Structure:** PPA-like agreement with damages assessed for underperformance
- **Approval:** Staff intends to bring this forward to the November Board for approval on the Consent agenda
  - CEO has authority to finalize negotiations and execute
  - Final agreements will be substantially in the form of the attached document
  - CEO may allocate budget and capacity to each counterparty based on final negotiated terms and each counterparty's capabilities
- **Conclusion:** Staff is presenting this as an informational item to ExComm and seeking feedback